

Name of Organization: Nevada Board of Agriculture

Date and of Time of Meeting: December 14, 2010 @8:30 a.m.
December 15, 2010 @8:30 a.m.

Place of Meeting: Nevada Department of Agriculture
405 S. 21st Street
Sparks, NV 89431
Phone: (775) 353-3601

Minutes
December 14, 2010

Present Board Members:

Alan Perazzo, Chairman
Boyd Spratling
Dave Stix, Jr.
Ramona Morrison
Paul Noe
Dean Baker
Hank Vogler
Jim Snyder
Grady Jones
Charlie Frey

Staff Members Present:

Tony Lesperance, Director
Katie Armstrong, DAG
Sandie Foley
Joann Mothershead
Linda Lesi
Mark Jensen
Dr. Phil LaRussa
Lon Beal
Ron Cerri
Jon Carpenter
Charles Moses
Dr. Anette Rink
Jay Ludlow
Keith Forbes
Holly Pecetti
Margi Scheid
Blaine Northrup
Steve Marty
Lee Lawrence

Absent Board Members:

Paul Anderson (Excused)

Guests:

Doug Busselman, Farm Bureau
Jack Armstrong, Retired NDOA
Nancy Lesperance
Meghan Brown, NCA
Sam Routson, Winn. Farms
Mike Stremmer
Barbara Stremmer
Alan Tinney, NDEP
Alexi Lanza, NDEP
Peter Krueger, NPMA
Don Alt, NLA
Scott Leedham, SNWA

1. Call to order by Chairman Alan Perazzo

A. Pledge of Allegiance

B. Chairman asked for introductions of Board members, staff and audience.

2. Board Business

A. Approval of minutes for the September 21, 2010 and October 13, 2010 Board Meetings.

Ramona Morrison made a motion to approve the minutes. Jim Snyder seconded the motion. Motion passed.

B. Election of officers for Chairman and Vice Chairman of the Nevada Board of Agriculture.

Hank Vogler nominated Alan Perazzo for Chairman. Boyd Spratling seconded the nomination. Chairman Perazzo asked for other nominations. Hank Vogler moved that the nominations be closed. No other nominations.

Question: Nomination was approved.

Dave Stix, Jr. nominated Ramona Morrison for Vice-Chairman. Dean Baker seconded the motion. Chairman Perazzo asked for other nominations. Dean Baker moved that the nominations be closed. No other nominations.

Question: Nomination was approved.

C. Resignation letter to the Board from Martin Plaskett

Director Lesperance directed the Board's attention to Tab 2.C in the Board packet. He said there is a short letter from Martin Plaskett indicating he wished to resign from the Board. Mr. Plaskett had advised the Director in an earlier conversation, that he operates his ranch by himself and the workload caused him to miss meetings and he felt it was in everyone's best interest that he resigned his position on the Board at this time.

D. Oath of office for newly appointed member Charles Frey and reappointments to the Board of Agriculture including Hank Vogler, Ramona Morrison and Alan Perazzo.

The oath of office was administered to Charles Frey, Hank Vogler, Ramona Morrison and Alan Perazzo by Sandie Foley.

G. Discussion and possible action regarding Winnemucca Farms request to the Board to take a position on the Interruptible Energy Schedule and rates for irrigation users being proposed by NV Energy.

Doug Busselman, Executive Vice President of Nevada Farm Bureau: I've been asked today to comment or to give you a report on the Interruptible Irrigation Rates that are charged to customers connected with Nevada Energy. I don't know if it was in 1985 or 1987, but it was in that basic time frame that the Nevada Legislature passed legislation which created an interruptible irrigation rate. It was available for farmers who were in the public utilities service area and it provided a reduced rate for electrical power in return for the ability to have the company shut off their power should there need to be a reduction in their load. And I'm not exactly sure what the amount was, but from what I've heard over the years, the original interruptible rate was somewhere starting out in about .03 cents per kilowatt vicinity.

A number of the rural valleys of Nevada were able then to get into agricultural production because of that reduced rate. The primary foundation of that rate other than the fact that it would be able to be shut off if necessary was the fact that there would be no demand charges associated with it and it would be the lowest rate that would be available on the public utilities, at that time Sierra Pacific's, rate charges.

Over the years as time moved forward, the energy rates continued to increase and there was a kind of constant escalation of energy prices for everyone and the customers served by interruptible irrigation rate were also experiencing an increase. When it got into the .075 to .085 set range, suddenly it became somewhat of a concern. It was intended possibly to go as high as .09 cents per kilowatt. At that time, the Nevada legislature stepped in and readjusted through legislation the rate. I believe that took place two sessions ago in the 2005 Legislative Session when the rate was changed to a system of mathematical formula that all of the companies that provide electrical energy in Nevada, would submit to the PUC their lowest rate available. The very absolute lowest rate they provided to any customer and that total of those numbers would be averaged. From that average, that would be the interruptible irrigation rate. It's called IS-2 on the rate sheet, so whenever we refer to IS-2, it's in reference to the Interruptible Irrigation rates.

As we were working through the regulatory process and some of the other details of implementing the Legislature's intent on that particular matter, there was a observation made by the Public Utilities' attorney that there were provisions in the original law which allowed for charging a peak rate or shutting off at peak times the power for those types of customers. Over the years since that time when it first began, the peak energy rates had kind of changed in terms that were the peak energy times. Not so much to be more of a spike, but more of a curve type thing. Through the discussions and deliberations and negotiations and all

other things that go into making regulations, there was a decision made that there would be a peak rate determined, peak hour rate, on the basis of Monday through Friday during the months of July and August from 2:00 pm to 6:00 pm. Those werewhile the information was good.....most of the time you don't know a peak happened until it has happened, but that was kind of the trend of what was determined to be the peak hour rates. And there was a decision made at that time, that instead of just shutting everyone off during that time, and then leaving them high and dry, that there would be an economic system in place so that those who decided or needed to continue pumping during those peak times would pay a premium or a penalty rate for using their IS-2 pumps during that time frame. That particular formula was also determined in the regulatory process to be whatever the three times the rate for IS-1. IS-1 is the irrigation rate which doesn't have a shutoff to it. It's not interruptible. So they basically calculated out the total of what three times IS-1 would be and make it the penalty rate for those who decided to pump during the peak hours.

The first year in 2009, the program was implemented and there were two factors that went into it. One of the factors was that all of the IS-1 or IS-2 customers around the state were equipped with automatic shutoff equipment so that from a location in Reno, Sierra Pacific / NV Energy could push the button and all of the IS-2 power would go down. That was part of the equipment that was put in. The other part was Nevada agriculture was the first customers almost in the state to get the Smart meters that allowed for determining time of day of use. There was a reader in your meter. They were able to calculate and know whether or not a IS-2 customer is using power from 2 – 6 pm, Monday through Friday, July and August and therefore earned the extra rate that is charged. During 2009, that program was carried out and those who decided to continue to pump from 2 – 6 pm, Monday through Friday, July and August, were assessed the energy rate of 3 x amount that IS-1 customers were paying.

The irrigation season under the IS-2 program was from the first of March through the end of October. You are not allowed to pump at IS-2 rates outside of those windows.

In 2010, there was a fairly significant series of presentations made to the Public Utilities Commission. The argument was that the rates that were charged for those customers who were pumping during peak times was significant – a significant expense to them while at the same time provided very little if any benefit to the NV Energy rate payers. There was about a million dollars recovered, or a little bit better than a million dollars, either in the form of energy that wasn't sold because it was not needed to be produced or that was paid for extra through the penalty rate. That was about the target that PUC had originally determined they would like to receive in return for the customers receiving that low of energy rate. The combination of a very severe impact to the users and a very little return, and as we are learning now perhaps no return to the rate payers whatsoever, there is some thought that maybe NV Energy put the million dollars in their pocket and there's a docket that's being worked on to work that through.

During the 2010's irrigation season, that penalty rate was not assessed and there was a decision made by the PUC to not charge that penalty rate. We are now in the process of deciding what happens in 2011. The calculations have been carried out; what the lowest energy rates are, what the averages are, what the rate would be for IS-2 going into 2011 and the decision on the docket that is being worked on by the PUC. That was the subject of the pre-conference hearing that was held last Thursday. Also, out there is part of the decision of what might happen whether or not the IS-2 would have a penalty rate for 2011 season. If there would be a 2011 penalty rate, that rate would be charged at .30522 cents per kilowatts. So, .30522 cents per kilowatt would be the penalty rate and that's actually a slight decrease from what it was in 2009, because the IS-1 rate had declined since that time.

From an observation standpoint, in past hearings that we've dealt with this issue and that it's dealt with every year, we were, I think fortunate to have the commissioner that was involved. Joanne Kelley was the Commission Chairman and she was the one who took charge of this whole issue and her approach to doing so was to form a workshop process and there was a lot of opportunity for give and take, discussion, and evolution of ideas. The thing that struck me at the pre-hearing on Thursday of last week was that this time around we're going to be doing things differently. They had a hearing officer that was very much to the letter of the law, very much by the book. Nevada Farm Bureau has requested 'intervenor status' and we were told at that meeting that the decision whether we will be granted 'intervenor status'; we will be officially notified sometime in then next 7 days. There was no objection by anyone, but nevertheless it is by the book and to the letter of the law.

There was also discussion in the past, producers were able to provide information on their experiences and how the change would affect them. This time, you have the ability to file a request to become a commentator and provide your comments which was stressed that they don't carry the weight of evidence or law and it's just your opinion that they may or may not consider as it goes forward.

I think it's going to be a very interesting process. I don't know yet who would be the commissioner that would take charge of the hearing process. We've not been told any of that information. So it's going to be a different process this year. The other entities that have filed for intervenor status include the Pershing County Irrigation District. Their concerns in the past have been the fact that because a number of their pumpings happen to move water through canals systems for public safety reasons, they are not able to shut off their pumps because they have to keep pumping in order to keep floods from happening in certain areas during the irrigation season. So they filed for intervenor status and Peri Bros. from Yerington indicated at the meeting that they were planning to file for intervenor status. In fact, we got the notice yesterday that they had. Those are the 3 intervenors that we are aware of.

The hearing scheduled has been laid out. Plans for providing input, there hasn't been an official decision yet whether or not there is going to be a process of separating the penalty rate from the regular rate. Nobody is really objecting at this time officially to the regular rate because it's what the amount says it should be. For the most part it follows the same information and the same system that was provided last year. We expect that to be very easily decided. We may not have that same ease in deciding whether or not to deal with the penalty rate or not.

It is our request to the Board, and I think it is somewhat structured along the lines, that we would very much like support in the form of a letter or a policy or however you want to take action that would allow us to take that to the PUC as evidence that we weren't there on our own, not having some backing. One of the thoughts that has been kicked around at least in the hallway would be that if there was to be a letter sent to us, Nevada Farm Bureau, and we were to be granted intervenor status, that we would be able then to submit those letters that we received as part of our testimony and part of the package and that they would actually be increased in terms of their level of being part of our evidence package.

Mr. Sam Routson from Winnemucca Farms asked the Board to provide their support and backing to Doug and the other producers in this area to the PUC stating, 'it's the Board's opinion (which I hope you would decide) that this is bad public policy and needs to be discarded'.

Dave Stix, Jr. made a motion (1) to address the immediate concern that Mr. Routson is talking about in a letter form; and (2) to what Charlie (Board member Frey) talked about getting ready for the legislature especially that we put together some type of visual presentation that people can get their hands on and look and see.

Grady Jones seconded the motion. Question: Motion passed.

E. Discussion and action by the Board to write a statement objecting to wild horse use of water in the absence of a designated beneficial use.

Mike Stremmer: At the last meeting I gave a presentation about what was going on with the water rights and the wild horses. The State Engineer's office is issuing permits to the BLM for wild horses as wildlife. In my research and many people's research, we can't find a designated beneficial use for wild and free roaming horses and that's how they have been designated. They're neither livestock when they are free roaming nor are they are they wildlife. But they are getting water rights under wildlife. That's the crux of the issue and some of the reasons that I'm concerned as a rancher; (1) when you read the Code of Federal Regulations, Title 43, it is very clear under wild horses, that when there is a shortage of resources, the first thing to be removed is livestock. So, on my

ranch, I filed all my water rights. If we have a shortage of feed due to drought or fire and an excess number of horses, the first thing to come off are my cows, which being a rancher in Nevada, that's all I have. It can force me out of business. But, yet I've got to provide water to the horses so they can run me out of business. So, that's how I'm looking at the issue; how am I to protect my business. The water rights, just a little background, were all decided in United States vs. New Mexico in 1978 and the BLM has got subservient to the State Engineer on water rights. That's our silver bullet and the BLM is the Achilles' heel.

There is one other thing that the BLM is doing to try to circumvent water law and that's through the Cooperative Range Improvement Agreement. It is forcing the ranchers to provide water for wild horses against state law and I think it's number 12 or 13 on the agreement, that says by signing this agreement, you are allowing that the United States can get a water right if able to under state law and in Idaho they can, but can't in Nevada. And number 13 says you will provide water for wildlife and wild horses. The wildlife is already covered under NRS. They do have a beneficial use. But the wild horses do not have a beneficial use and so that's where my problem comes in. I won't sign one of those agreements, so now I'm a problem child with Winnemucca BLM.

Some of the solutions I would have is: (1) the Resource Management Plan for Winnemucca District says that now they want their ranchers to provide water year round. Like right now, the horses can access my water that I pump in the winter, my winter country. But they would have me pump it 12 months of the year, so that could put me out of business a little quicker. I like that analogy; slit your wrists or slit your throat. That's what they are doing.

I am also on a committee with Hank Vogler for NDOW and we are dealing with this issue from the wildlife standpoint because there's definitely a conflict between wildlife and wild horses in many areas. I think antelope refuges are a pretty good imitator where they remove the livestock. They've left the wildlife and they've left the horses there and they've got more antelope outside their refuge. That population has increased faster than in the refuge. So there is definitely some competition there.

What I would like the Board to do is write a letter to the State Engineer basically saying that there is no beneficial use. Why are you giving them a water right and forcing ranchers to go out of business, because that is what they are doing. I think the State Engineer, Jason King, is king on this issue. He just needs to flex his muscle a little bit and that's it.

Ramona Morrison asked Mike Stremmler if he had a copy of one of those water rights with you, the ones issued for....

Meghan Brown, Nevada Cattlemen's Association: I can bring them tomorrow. I have all 29 of them.

Ramona Morrison: Are they doing this under a Federal Reserve Water Right?

Meghan Brown: No.

Mike Stremmer: No, they are appropriating the water under state law for wildlife in HMAs, Horse Management Areas, and they are saying 'X amount of antelope, so many deer, and then so many wild horses'. And when you read the Code of Federal Regulations under Range Improvement, they've got all three of those things..... Range Improvements under definitions can be for livestock, wildlife and fish, or free roaming wild horses and burros. But they are all three different. And they have identified them as being different in the Code of Federal Regulations. I think we can use their own rules to point it out that they are not wildlife nor are they domestic livestock.

Meghan Brown: I've asked Jason [King] to review all 29 of those to see if all of them are within HMAs. He has not responded to me whether they are or not. That is not part of their evaluation.

Ron Cerri, Nevada Cattlemen's Association: We've done a little research on this too and we found that the State Engineer has granted some permits, but none of these of these permits have been certificated to this point. So, why they've taken it to that step and not on, there must be something alerting them that the stars are not all lined up for the whole thing either.

We brought up with the Governor (elect) the other day that they were filing under wildlife for these horses and the wildlife doesn't even belong to BLM, it belongs to the state. So how does beneficial use come into that? We also told him we have a BDR that we're working on with Assemblyman Goicoechea; the language isn't done yet, but we have a water attorney working with us. We hope to tighten up that language a little bit to make it a little harder for the BLM to get these water rights.

Boyd Spratling: Are all these ground water permits that they are applying for?

Mike Stremmer: No, they are not. The reason I was notified is that I was in the Division of Water Resources and Sam Monteleone said, 'yeah, we're giving water rights to the BLM for wild horses'. And one of them is right on one of my neighbors, Mick Casey, and within a mile of our fence line. So that raised a red flag. It's a spring down in Dixie Valley and there are wild horses that use it, in fact that is mostly what uses it because they've eaten out all the country around it. So, that's what got me to thinking, that was 2 or 3 years ago, I've been thinking about this with the water rights, that's one thing that the state is supreme. I think they are supreme in a lot of areas, but this is one that isn't argued anymore, since that Supreme Court case United States vs. New Mexico that the state is supreme on water rights. I think that's the one thing that we

should attack is.....for instance, we should be making it clear to everybody that the ranchers own the water rights.

Director Lesperance: I believe Jason realizes he is skating on very thin ice on this issue. He has so much as said so. I believe all 29 of these applications will be reversed. I don't think there is any question about that. I don't even know that he would argue that point, and I think that is one reason they have not progressed any further than they are. I think what it's going to take again is a strong voice from the Board of Agriculture about the inequities of this system and exactly what is going on. They are in violation of the law. I think he clearly understands they are in violation of the law. It is just a matter of somebody making enough noise to bring it to attention. I think it's going to take something like that coming from this Board and I believe this thing will get turned around and those 29 will get thrown out and no more will surface for horses.

Ramona Morrison made a motion to have Tony Lesperance draft a letter for Alan's signature on this issue as a first step and then encourage NDOW of course to do the same thing, or the Commission to do the same thing, and then investigate whether or not and maybe bring it back up in the next meeting whether or not to go to the Attorney General's for another Attorney General's opinion.

Ramona Morrison: I think that gets to point of the process issue that you're [Dave Stix, Jr.] talking about. In the letter, to address the issue of an investigation into the 27 permits and why they were issued and ask him to show his authority to issue more permits to the BLM for the wild horses.

Boyd Spratling seconded the motion.

Boyd Spratling: That's an appropriate first step; you inquire and where's your authority? And if they don't answer that to our satisfaction, then go to the next step. I think that's an appropriate beginning.

Dave Stix, Jr.: The next item is for the future, do you think this will take care of it or should this Department be prepared as we've been briefed by former Director that we think it would be more proactive on the actual applications and their process if we are going to decide to protest them? That seems to be another part of this discussion.

Ramona Morrison: I agree with you Dave. In fact, it might be appropriate in the same letter to just request that we be given notice anytime water applications are made by either agency, the BLM or the Forest Service.

Question: Motion passed.

F. Discussion of the Bureau of Land Management Range Improvement Fund (8100) money and its availability.

Mike Stremmer: The Range Improvement Fund, after reading the MacIntosh thesis several years ago, I found that 50% of our AUM money was put into a fund that was called the 50-50 Fund and then after FLPMA they moved into what they called the 8100 Fund. It's for fences, cattle guards, seedings, anything that is a range improvement and it can be used for wildlife as well. This is another one of my steps.

There was an audit done in 1999 on the Range Improvement Fund in Winnemucca, Battle Mountain, and Elko offices. Three hundred and fifty thousand dollars were misappropriated. It was never paid back and now there are rumors of even more money being misappropriated from that fund from other offices in Nevada. Part of my approach is to educate the ranchers that this money is there, force the BLM to use what's available. I think it was \$1million left over last year in Nevada that could have been used on range improvements for seedings, expenses, all kinds of things. We never use it. It's already paid by the rancher. So I would like to get the wildlife people involved and the ranchers involved working on these agreements to do water development or seedings. I would like for you guys to possibly ask for an audit and I'm going to ask NDOW to do the same thing. Ask for an audit of that 8100 Fund. It's been 11 years since it's been done and it's time for a new one.

Dave Stix, Jr.: Aren't the grazing boards in charge of this and can't they ask for these audits? I'm not quite sure why we should be responsible for that.

Mike Stremmer: This is the big misconception that the grazing boards are in charge of this and that is what I thought too about one year ago. What it is is 50% of the money goes into the 8100 Fund, 25% goes to the BLM directly for them managing our ranches and the other 25% gets kicked to the state. The state then kicks back that money to the counties; the counties give half of the 25%, which is 12.5%, to the State Grazing Board. The State Grazing Board is a totally different deal. We are talking about two totally different accounts. Fifty percent off the top goes into the 8100 Fund.

Dave Stix, Jr.: They use the 8100 Fund to do these projects?

Mike Stremmer: The BLM does; the State Grazing Board has zero to say about it. They do not even know that it is there.

Dave Stix, Jr.: The 8100 Fund is for the discretion of the BLM to utilize on their own?

Mike Stremmer: Specifically for range improvements. The 25% they get they can use on whatever, but the 50% - it used to be called the 50-50 fund in 1934 and that was for range improvements, seedings, fences, cattle guards. The BLM keeps saying they don't have any money. They had a million dollars left over last year. Carson District had at the grazing board meeting I was at last year, they

had about \$14,000 that they could spend how they wanted to. I asked for the number that Carson had – \$197,000 is what they had. So, there is a huge amount of money. You can take whatever the grazing board gets and multiply it by 6 or whatever that is.

Charlie Frey: Do we have authority to call for an audit? Do we have control over the funds? Because an audit costs quite a bit of money and who is going to pay for that? Are we getting proceeds from that fund? We can't just call for an audit and be a totally independent entity because that costs a lot of money to do. Maybe you can answer the question.

Mike Stremmer: The audit would come from the Federal government. And it doesn't cost anything. We request the Solicitor General to audit the 8100 Fund in Nevada.

Charlie Frey: But they are going to come back and say do we have the authority to request that audit?

Mike Stremmer: I've already asked that question. And, yes you do.

Charlie Frey: You may have it, but would the Board, the Department of Agriculture?

Mike Stremmer: Yes, because you represent the agriculture producers in Nevada and I'm going to ask NDOW to do the same thing because that money can be used for wildlife projects as well. It won't cost you anything but the stamp and the paper that it's written on. I have the number at the house.

Charlie Frey: Do you request the budget office to prepare the General Accounting Office to do the audit at the Federal level? Is that what you're requesting?

Mike Stremmer: The last one was done by the Solicitor; you can do it by phone or request it in writing.

H. Request to disburse monies pursuant to NRS 562.170 and NRS 567.110 to the Woolgrower's Association in the amount of \$6,113.58.

Hank Vogler: When we pay our personal property taxes the woolgrowers and the shearers have an assessment of .30 cents. It is collected by the Brand Department and thank you very much Brand Department. Jim Connelly started this project a few years ago. We used to have to get it through County Clerks and County Treasurers and the money evaporated and we couldn't find it. It disappeared and since the Department of Agriculture has been handling this, the proceeds both for Wildlife Services and for the Woolgrowers has stabilized. This

is the .10 cent part, the \$6,113.58 – don't know how they came up with .58 cents because this is a .10 cent assessment.

Dave Stix, Jr. made the motion to disburse the monies to the Woolgrower's Association. Jim Snyder seconded the motion. Motion passed.

I. Presentation about the Nevada CAFO (Concentrated Animal Feeding Operations) and Pesticide Program.

Alex Lanza, Nevada Division of Environmental Protection specifically with the Bureau of Water Pollution Control: I am here with my supervisor Alan Tinney, who is also with the Bureau of Water Pollution Control.

I would like to thank the Nevada State Board of Agriculture for allowing us the opportunity to speak to you. I want to address the Board about 2 issues: (1) the Nevada Pesticide Program, and (2) the Nevada Concentrated Animal Feeding Operations Program.

The Pesticide Program: There was a court decision, the Cotton Council vs. EPA that declared a certain type of pesticides applications as a point source. Because it is a point source, it was forced to develop a program to bring them within a permit process. We at NDEP developed our own Nevada specific program which is based on the limits established by the Federal EPA. We only picked the ones that applied to Nevada because we didn't need to put everything else in there. The program will be in place April 9, 2011. We're working in cooperation with the Department of Agriculture, specifically Chuck and Jon Carpenter. We want to thank Director Lesperance for allowing his staff to work with us in order to develop the program that fits our state.

What I have done is put together a website with information regarding this program. I'll hand out some flow charts for the CAFO and also my contact information is in the back. Please visit our website. I've been trying to keep it up with the most current information that we get. We are supposed to get guidance from EPA on the final draft of their permit in order for us to finalize our program. We haven't yet. We were supposed to get it by the end of the month. The second that we get it, I will transfer the information and send to everybody on our list.

The other topic I want to address is concentrated animal feeding operations; CAFOs. CAFOs are one of the main points of the current administration and the Federal EPA has acted accordingly. The way that the federal regulations are written, CAFOs are declared pollution sources and that the only people that are authorized to discharge pollutants from a point source are those who do so under the restraints of a permit. What we did in Nevada is, we developed a CAFO program specific to our state. That program has been certified by the Federal EPA to meet their water keeper decision which was the latest decision which was handed out in 2008. Our program meets all federal guidelines.

This is a program we want to manage within the state. We really don't want the Federal EPA to have a say in what we do in our state. We want to manage within our division. In order for us to accomplish that, we request your support and the way we are requesting your support is that we want to ask you, the producers specifically, to come within our program. Basically, our initial targets are the large CAFOs and in that handout, it explains.....if you go to our website, all the links are active links to show you what a large CAFO is or a small CAFO. We would like to eventually get everyone in our program.

J. Discussion about the rationale for requiring florists to have Nevada nursery licenses.

Paul Noe: Just wanted to discuss the reason why certain entities in our industry are not required to have nursery licenses. I know that we're exempt, but florists and certain other part time sellers of nursery products that do business in our state are exempt from nursery licensing. I know these regulations were done quite a while ago, but just for an informational thing I kind of wanted to focus on why these exemptions were made and if realistically we shouldn't take a look at eliminating those exemptions because of the fact that they are not regulated under nursery licensing. Primarily, I'm talking about florists dealers who are exempt from nursery requirements, nursery license even though they are selling products that are carriers of the same diseases, insects, as other nursery material and products, but they are not required to have a nursery license and they are not subject to nursery inspections. It just seems to me that we may be missing an opportunity to include some funds for the department by requiring the license. I don't think in any way we would impede business for these people because it is not...it's just a one-time licensing fee for the year.

I don't know whether anyone was around when these exemptions were made and why some these exemptions exist, but I kind of wanted to get a background myself of why or maybe at least to determine if they should be looked at again. Has anyone been here long enough to know why these exemptions were made? As it reads right now, NRS 555.236 says *'license required to produce, hold, distribute, collect or sell nursery stock; exceptions; waivers'*. The first exemption is, *'except as otherwise provided in this section, a person who engages in the commercial production, holding, distribution, collection or selling of nursery stock must obtain a license from the Director, except'*:

The first exemption is, *'retail florists or other persons who sell potted, ornamental plants intended for indoor decorative purposes'*. The fact is that primarily florists sell these things, but anything that is potted and in a florist, a lot of times ends up in the garden of the home because it is planted outside later. As I stated, these items that they sell are subject to the same diseases and pests that regular nursery stock are exposed to. My industry's feeling is that they should be subject to the same licensing and inspection requirements.

Grady Jones: Paul and I have talked about this and there are some that are currently paying that and don't realize there is an exemption which would affect fees quite a bit and don't realize they could file for that exemption.

Paul Noe: And those happen to be a lot of the mass merchant stores or national chains, or even supermarket chains that are required by other states that have to license, so they have it anyway and they go ahead and obtain it in Nevada. But, by Nevada law, they are not required to have it.

Boyd Spratling: By nature, I am a smaller government person and I don't care for a lot for permits and regulations. If you do that, a permit regulation, it should be equal application across the entire industry so that it doesn't impair one segment of the industry as opposed to another. So, if those permits in fact are required and it's necessary to have them, then....

Paul Noe: That's one of the things our industry looks at and it goes right along with this, is that these businesses are pretty much permanent businesses within our communities. Associated with this also is an exemption for part-time sellers of products like people who come into our state from out of state selling things like Christmas trees or flowers that are set up on the street corners, large stand areas that sell products like Valentine's Day flowers or pumpkins for Halloween. These people are coming in from out of state, setting up and not under the same obligations as our permanent facilities and they are not regulated as such, but are still selling the same products. And it is a concern of the nursery industry and we just want to make the playing field more even as well.

Hank Vogler: Paul, on the larger nurseries and places like that, when the inspector comes out, he can cover a lot of country pretty fast. But when you get into each individual florist's office, is it cost effective to go after to enforce the regulation? Is there....or is it going to be burdensome and actually cost more money than it brings in?

Paul Noe: According to my discussions with inspectors in Las Vegas, they're not concerned because a lot of times they are already doing that to some extent in some of the chain operations like the supermarkets and the box stores. What we're to add is possibly the individual florist shops that they do not visit at this time, but they're under the opinion that it would not create a unreasonable addition of inspections for them to do. Now, that would be something that the Plant Industry Department should probably take a closer look at and see if it's feasible, but I would think that with the increased revenues that may be brought into the Plant Industry from these increased permits and licenses in particular, that it would pay for those additional inspections. Those are primarily just yearly inspections for the licensing.

Dave Stix, Jr.: Was there maybe from your words of rationale at the time, that wholesale suppliers would be the check? The first step coming into the state to

do the necessary inspections and from then on it takes care of any issues when it goes to the retail portion?

Paul Noe: That could be a rationale for that. But, that's something that the individual nurseries have to deal with doing business; we're still under review by the Ag Department as far as inspections for material that is held on the premises for resale and those inspections are mandatory to be done to prevent the spread of insects and diseases through the product that is sold. And that is not to say that can't be..... in some cases, it may be product that has come in and to tell you the truth, I don't know how much these inspections from the wholesale end and the growers....I know most florists have to come through a distribution center in most cases. But, to tell you the truth, I'm not even sure if those even fall into the category that are exempt from these licenses.

Dave Stix, Jr.: Just to clarify...is there a gap where.....there is a purpose why we inspect these nurseries? Bugs and that kind of stuff? Are we missing a gap where retailers are getting flowers in that are going under the radar?

Paul Noe: I couldn't tell you for sure because I don't know what the chain is on every single entity that brings plant material in for sale. Right now there are a lot of them that aren't regulated through the nursery licensing. We don't know for sure; especially the temporary places that come in and set up a big tent and sell for special holiday occasions. I couldn't tell you if those have been inspected before they are brought into the state or not.

Director Lesperance: First of all, I would like to greatly express appreciation to Paul and Grady for bringing to light something that I have tried to bring to light time and time again. First of all, under the present set of circumstances, our nursery inspection program is close to financial failure. We have inadequate funds to support it without putting general funds into there and I can assure you the use of general funds to support the nursery program, and I suspect in the eyes of the Legislature and I'm pretty sure in the eyes of Governor-Elect, is questionable. I think these things have got to be self-supporting at which time they are not. I've asked Chuck Moses who incorrectly identified himself a few minutes ago as the EPA Compliance Officer, I would like to point out that for about a week now, Mr. Moses has been Acting Administrator of Plant Industry. And I'm sure in that week's time, he has become totally knowledgeable and can answer any question I can't. But I'll try to explain this.

There is a great amount of plant material that ends up in Clark County that never gets inspected because of a whole lot of things that both of you have already mentioned; the fly-by-nighters that show up on the weekend or whatever. This is of great concern to me and I believe it is of great concern to the State of California. And I'll give you a good example: I believe in your nurseries you have potted citrus trees. In the State of California, you have a citrus industry that is worth almost 2 billion dollars. A great amount of that stuff that comes to Clark County does not come out of California, it comes out of Florida. I believe there is

a disease in Florida at this point in time that the State of California is very, very fearful of. It's a deadly disease. If the State of California gets it, it's going to lose a billion dollars or more of citrus. The major conduit of plant disease, I'm firmly convinced that comes from the east to the west goes through Clark County at some point in time. Whether it's on the truck that passes through, whether it gets rejected by California and comes back and lands in Clark County or whatever. We have inadequate inspections. We do the best we can with what we have to work with. It was probably okay at one point in time, but now you have all these super WalMarts, wherever they are; they are bringing plant material from Lord only knows where. A lot of what goes through southern Nevada or Arizona, or New Mexico, or Texas, originates in Florida. And Florida is a cesspool of plant disease. They've got every disease known to mankind and probably a few we don't know about. As all this material comes west, it threatens the citrus industry and other industries in the State of California. We have been very successful in the last 5 years or so in cleaning much of what goes through Clark County. I think we have been very, very successful.

It doesn't make any difference, there is still a lot that gets into Clark County that we do not inspect. And you just named a couple of them; the guys that set up the tents out of the clear blue sky and you wonder where they came from and when they are leaving. But, while they are there, they are selling plant material. They have a business license; it may be a temporary business license. It hasn't anything to do about what disease may be in the plants whatsoever. We probably never get a chance to inspect those. They are gone before we know they are even there. We need tighter regulations to protect the industry and that is only going to happen through industry input. Industry has got to demand that these things happen. I can assure you this Department will welcome that and work with it. We are not in the habit of wanting to raise fees or be more regulatory or anything else, but this is a bad situation and it is being forced upon Clark County, southern Nevada because of the rapid transport of plant material from places unknown. Theoretically, it always inspected somewhere, do we know that? No. But, from what we've seen so far, I don't believe that we can believe everyone is honest because there are some folks that will bend the rules as far as they can.

Chairman Perazzo: Last week I, Vice-Chairwoman Ramona Morrison, Hank Combs of the Farm Bureau, Ron Cerri, Nevada Cattlemen's Association, Don Alt, Nevada Livestock Association had a sit down conversation for probably an hour plus with Governor-Elect Sandoval, Dale Erquiaga, Anne Wilkinson and Heidi Gansert.

I personally felt like it was very productive meeting as far as we made our introductions. I introduced every one of the members on the Board. The areas that we covered were areas that you represented. I expressed the need and the concern of having a Board. There have been rumors floating around possibly making the Department of Ag a division and making this an advisory board, rather than a policy making and regulatory board. They both kind of.....Dale

Erquiaga and Sandoval looked at each other and kind of laughed and said that is rumor. But, with that being said, they did mention that they have asked divisions to cut back and evidently there some legs of some Departments that are standing alone now and they are asking them to go into another division, if I understood that right.

We gave Governor Elect a paper with our goals and objectives of the Board and the Department. We gave him a copy of our water policy. You know, it was kind of a meeting of quickly hitting different things, but not talking a lot about any specific thing. We offered our invitation as far as open communication with the Governor's office; asked him who we reported to; he didn't have a lot of answers as far as that goes. He had his judge hat on I think where he said he was there to listen a lot. I felt like we were very well received just the way.....background there was a little connection there, obviously Dale Erquiaga is from Fallon and him and my brother were best friends through high school and graduated together in '81. [Governor] Sandoval went to second grade there in Northside Elementary before he moved to Sparks and so there is a little bit of a connection there to the Fallon area.

Ramona Morrison: Overall, I went to college with Brian Sandoval. I didn't know Dale, but I think they all ran around together. My comment was, we worked with him when his was the Attorney General on an issue of Court of Competent Jurisdiction hearing with Judge Berry during session representing the Department of Agriculture at the time. We were at opposite positions at that point in time, but I also had met him previously on our case in 2002 on a property issue. I would just say this, that my sense is that we have a very fair-minded governor. We have a governor who's very receptive to agriculture. I don't have any sense from Dale Erquiaga or Governor-Elect Sandoval that they won't be anything but willing to work with us and have a dialog on the issues that may be of importance to us. Of course, we did spend some time discussing the Department and the Board and asked the question with regard to whether or not there was strong motivation to incorporate us into Business and Industry. We asked straight out what his feeling was with regard to the Board at the current meeting.

My sense, and you can correct me if I'm wrong, none of this has anything to do with anything else but budgetary matters. And they so much as said that. If they can document somehow that bringing this Department into Business and Industry is the most efficient thing to do, and so forth, then they would push for it. I think and we made the case that we are in a very strong position to remain autonomous and we could and prove to them that this Department is running very efficiently; we're down to about 8.5% general fund money. And I'm not sure, I think we could document that there wouldn't be any efficiency gained by moving us into Business and Industry. In fact, that the Department might be less responsive to agriculture as a result. Ron made a very strong case for that as did Hank Combs. They also made a strong case for having an advisory board that was immediately responsive to the industry because we are from industry

and understand the issues. And I don't think any of these things that the Governor's office is considering has anything to do other than trying to make the numbers in the two years and the foreseeable future. So, we made a pretty strong case.

One thing that Governor Sandoval did mention was that he had a meeting with Interior Secretary Salazar. He said it was a good meeting; that Salazar was hoping to work with us in the State and he opened the door for us there as well to say that he would like to work with us on issues that might be coming up with the Department of the Interior. Overall, it was a very positive meeting. I would strongly recommend that the industry communicates with the Governor's office with specific information probably in letter form as we move forward. I think that we as an industry.....the feedback I've gotten from the people I've talked to and it's been pretty consistent with what you've heard as well, that there is not a lot of support in the industry to incorporate this Department into Business and Industry. We tried it in the past; we moved back out. We expressed that there hasn't been a whole of support for that position from the industry. I think we made a strong case. We also brought up the issue of Weights and Measures and gave them some of our thoughts regarding that as well.

3. Director's Report

A. Director's Report

Director Lesperance: Almost immediately after the September meeting, we had to meet with Andrew Clinger in the State Budget Office. At that time we had already initiated the 10% reduction which I talked about earlier which is just 10% less across the board on everything we had from general funds in the previous year, 2009. I kind of went over what the problems were if there were problems. I pointed out that in Plant Industry we are down to basically one person per each project. Every one of those projects is mandated by NRS. We have absolutely no backup. So if there were further cuts of general funds in that area I had some flexibility with fees and things of that nature that we could move around, but we were getting into a pretty tight situation.

I tried to explain to Andrew and his staff where I saw the problems. I went through the budget with Animal Industry. All 4 vets are general funded. So that represents a pretty good slug of general funds. I wanted to make sure that we have very little option in any of these areas to make any further cuts without actually eliminating personnel. I think he was pretty sympathetic to that. I also went over the situation with Resource Protection and the importance of it and what it's all about. I pointed out that we had 12 people out in the field a couple of years ago and we are down to six now and I felt that was the absolute....we couldn't go any further without just completely destroying that.

I don't know how else things went over. Andrew plays his cards pretty close to his vest. As you have probably already read in the newspaper, the Governor-

Elect has certainly chosen to keep Andrew Clinger in the present position which I think is best, because I think Andrew understands this budget pretty well. I think we have a pretty good level of communication with him with this entire Department.

On the 29th which was about a week later, I had to go to LCB, the Audit Subcommittee of legislators to review the audit that was conducted a year ago. I think we came out pretty good on that. We answered all the questions. We initiated essentially every recommendation that they made. I think we are pretty good. I did get kind of chastised by a couple of legislators about working people more than 40 hours a week. And this is a controversial issue. I have on occasion paid overtime and I've pretty well exhausted many of those funds. I basically have no flexibility to pay overtime. It doesn't make a whole lot of sense to give comp time because if you had to work more than 40 hours this week in fiscal, you'd probably have to work more than 40 hours the next week. So at some point in time, if you give comp time you end up letting somebody off the hook for a whole long period of time.

We had a pretty lively discussion about this with the legislators that are on the audit subcommittee. I pointed out that this basically is a service and regulatory agency. Every single thing we do is mandated by NRS and we're still doing everything we ever did. Occasionally, especially in fiscal, people have to work more than 40 hours per week to get the job done. I had this policy at this point in time, if you desire to work more than 40 hours a week, that's fine. You can work more than 40 hours a week. You are not going to get comp time and you're not going to get overtime. You're going to get the job done. And, occasionally I mentioned that a lot of people don't have jobs anymore, so maybe it's good idea to keep your job. And I haven't had any problem with fiscal. Fiscal is bending over backwards. I can assure you, I usually leave this building between 5-5:30 pm and I'm definitely not the last person out of this building. Invariably, there are two sometimes three people still working long after I leave every day in fiscal.

Some of the legislators raised the question that sooner or later you're going to get into a federal lawsuit and cause all sorts of problems. I came back with a response how else do you get the job done? We're getting it done and we're getting it done well, and I'm very proud of work that is being accomplished by this Department, especially the Administrative unit at this point in time. I don't see that I have any other choice. So it was kind of left at that. But, it is an ongoing problem; I recognize it and I don't how else to deal with it except to do what I'm doing.

On September 27, Commissioners Perazzo, Baker and Stix, Jr., and I met with Jack Payne and that led to the subsequent Board meeting we had to authorize him to have special sales. I thought that meeting was fairly positive. I think we kind of came to some agreements that I felt were pretty good about.

Things were pretty peaceful up until the first of October. And then my good friend Lynn Hetrick, who's the Governor's right-hand man, had to prove up on a water well that he had on Mound House Summit on Highway 50 and he planted some grass out there, unfenced. He turned the sprinkler system on to get the well certified eventually and life was great for Lynn. Coincidentally, we have a little group of horses on the other side of the highway in the vicinity of the Carson City Golf Course that seem to always hang out there. It wasn't too long before they spotted the green vegetation across Highway 50. So they started crossing at all hours of the day; there were 28 horses in that group. We promptly had an accident and a horse or two got killed. Every time we kill a horse on the highway, I pretty well hear about it instantly. How are we going to fix this? Mr. Hetrick was appalled. He needs to shut off his water well. The State Engineer is telling Lynn he's got to pump his water well; he can't shut it off. I suggested to Lynn that maybe we could put an electric fence around it or something. He didn't think that was a workable solution.

I approached NDOT and got some major big flashing signs out there. Maybe some of you saw them. They are on both sides. The problem was it was right on Mound House Hill and as you are coming towards Carson, you drop off the hill, average speed there is probably 65 – 70 mph and you don't have a lot of visibility and suddenly there are twenty some horses right in front of you. We've reduced the horse population two or three times there and messed up a lot of cars. Fortunately, we didn't kill anybody. But, we finally got those signs up. And that worked for awhile. NDOT thought the problem was taken care of so they removed the signs and the next day, we killed a couple more horses.

One of the advocates was getting pretty upset with NDOT and me. So what we finally did was put together a crew of people to help Darryl Peterson. There was a fence up there on the highway, but it was in disrepair. We fixed it up and made it workable. There was one road accessing that area which would be to the north of the highway and it was a paved road. It didn't have a cattle guard on it, so we painted a cattle guard on it and that worked for approximately a week. Then the horses figured out that the cattle guard was painted, so they went across the highway again and messed up a couple more cars. I managed, out of desperation, to get the water turned off in Mr. Hetrick's field. We put together a group of volunteers and chased these horses as far back up in the mountains as they could be chased. That seemed for the time being to take care of it.

But, it brought to light a problem that I've been complaining about for some time. And that is Highway 50 is pretty inadequately fenced from Carson City to Silver Springs and Highway 95 is inadequately fenced from Fernley to Silver Springs. When we met with Jack Payne, Dean flew into the Fernley airport, and he was in luck that day. We didn't have to chase any horses off the runway that day. But he was concerned about his airplane because there were horses chewing on it when we went to that meeting. When we got back his airplane was in tact and we didn't have to chase any horses off the runway. I pointed out to Dean that Fernley High School which is on the south side of Highway 95A had 10 – 15

horses in a band over there and they are accessing Fernley. It's an ongoing problem.

I have been urging people to call NDOT about Highway 50. I maintain it should be fenced with adequate highway fencing at least on the north side of the highway from Carson from the vicinity of the golf course through the intersection of Highway 95A. That is 28 or 29 miles and of course, NDOT claims they absolutely don't have the money, can't do it, and never will. We kill a horse about once a week right now on that highway. I'm amazed that the insurance companies haven't gotten involved because obviously when we kill a horse, we total a car.

We are also having a distinct problem in the Hidden Valley-Damonte Ranch area. We have horses in there constantly. We killed a horse right in front of Damonte High School about two weeks ago. Unfortunately, in the Damonte Ranch area or the Hidden Valley area, the horses are never normally killed on impact because the cars are usually going 25 – 30 mph. Basically, what you do is break a leg. A horse with a broken leg is not a particularly pretty sight. All the residents see this. Everybody gets excited. What are you going to do? How are you going to fix that leg? Well, fixing broken legs on so-called Mustangs is not an occupation that pays a lot of dividends so we basically have to put the horse down on the spot. And when you put a horse down under those conditions, it doesn't create good publicity no matter how we go about it. I have met with the City of Reno. I'm trying to meet with property owners in the Hidden Valley-Damonte Ranch area to get that fenced. There are some major property owners in there that are very reluctant to fence it because they do not want a fence across their property. They have plans to develop houses right beside the mountain. I tried to work with them to fence it completely around their property and not their personal property and they all said no, we want access up there. We have secured 10 individual cattle guards, each one was a set of doubles. So, we have adequate cattle guards I think to handle that whole area.

I have asked the property owners if they would meet. Their initial reaction was no, they wouldn't. We got the City of Reno involved and I believe that we will have a meeting not too far down the road and try to make some sense out of this.

Our experience with dealing with individual horse groups has not been good over the last 3 – 4 years. Right now the simplest way for me to handle it is, they go to Fallon and they get sold at auction. The horse advocates that are interested enough in saving them still go out there and buy them. I think we've had only 1 or 2 horses go to slaughter. I think advocates have bought almost all the horses recently.

On Friday, December 3, 2010, we sponsored an open house at the Las Vegas office. We did it up right; had a great barbeque, lots of food, lots of meat and lots of goodies. You might wonder how that got financed under the difficult times.

It was something my wife and I wanted to do for a long time, so we financed the whole thing and I think it was a roaring success.

We had 9 legislators show up. There's a book of pictures over there if anyone is interested in the event. I feel that it was pretty good. Paul and Dean were both there. I assumed both of you gentlemen enjoyed it and I know I had the time of my life with you guys and gals. We met several brand new legislators and I think they responded wonderfully well. Out of the 9 legislators that went to this, including Senator Breeden who is a fairly long-termed senator from Clark County, she and 4 others that went to that event have written back to Dave Walsh asking to be able to go back to the Department and learn more about agriculture.

At the September meeting Mr. Stix raised what I thought was a reasonable question and needed to be responded to. The question was, 'what does the Director do?' I started writing down things that I have to do on a routine basis. I've thought of half a dozen things that should be on there since then. But, the activities the Director does are pretty time consuming when you look at this; you are just constantly on the go. There are things you've got to do on a daily basis, certainly on a weekly basis, and somehow you've got to find time for the Las Vegas and Elko offices and take care of the problems here. We certainly do have problems in this building. On top of everything else, you are the Executive Secretary to the Nevada Board of Agriculture.

I would suggest when you look for a new director, regardless of what your decision is about me or my future, I want to make it absolutely clear that I am not a long term employee by any stretch of the imagination. There is a very finite time to my association with this Department. I will try to correct several problems which we will be talking about in the rest of this meeting and my remaining tenure, whatever it is, but you will have a new Director at some point in time. So I would suggest that you look at this list of activities carefully because these are the things that you're going to have to make sure your new Director is capable of doing.

We thought our budget.....this is the budget (director held up two very large binders to illustrate the budget). We have one or two copies of this and this is not for public consumption yet because this is the Governor's budget and until the Governor's budget is given to the legislature, it cannot be shared with anybody. I would be happy to go over this with any of you on an individual basis. The unfortunate thing, these two books we thought were complete. We found a lot of mistakes that occurred in here earlier. We're getting it pretty well cleaned up. But if you go to page 63 of your packet, I put in there for your information an e-mail that we got in late November.

I'll just read it to you: it's from Kristen Kolbe, our budget analyst in the Governor's office. I'll read the first paragraph: 'in order to close the projected deficit for the 2011-2013 biennial budget, agencies are being asked to prepare additional budget reductions. Your agency's additional biennial reduction target

is \$638,546. You may adjust amounts between fiscal years to meet the target with the approval of your assigned budget analyst. Keep in mind this information is confidential and should only be shared among the Budget Office and those individuals within the agency necessary to complete the requested task.

You will note this e-mail is dated November 22nd which was a Monday. I was on furlough that Monday so I did not see the e-mail and I had a cabinet meeting in Carson City the next morning. I did not read this e-mail until afternoon of November 15th. And if you read below there, this information had to be sent to Carson City no later than Monday, November 22nd which gave Margi and me about 3 days to come up with \$638,000 or \$319,000 for each year. After we had just gone through a 10% cut and reduced everything down to bare bones, you kind of want to look at something like that....I did respond to Kristen. Her response to, 'how did you determine this value?' was very factual. They had cut Health as far as they could, from one end to the other and eliminated many programs. I don't know what the entire amount was requested, but whatever they took out of Health, they subtracted from the amount needed to balance the budget from the Governor's standpoint, and divided the rest equally among the other 16 Departments. Our share was \$638,000. I said does that mean every Department outside of Health got \$638,000, the answer was yes, it was.

I said Agriculture is basically the smallest Department. Is there not some compensation for size and she said we simply don't have time to make that [decision] at this point in time so we just divided it up equally among the other Departments.

I thanked Kristen for her consideration and said we will do our level best to meet this \$638,000 thing you want. Margi and I spent a little time over that. We made some very tough decisions. We took 2 administrators in Plant Industry; one was one-quarter on fees and the other was half on fees. So we moved those 2 people, 100% over to fees which means we had to pick up \$123,000 out of fees someplace. Is that dangerous? You'd better believe it's dangerous, because I think that stretches our fees in Plant Industry about as far as they can be stretched.

The obvious question: what happens if you don't get enough fees? Well, the obvious answer is that somebody gets terminated. It's just that simple. I have no other choice. We have a vet in Elko that had originally wanted to resign. Dr. LaRussa went to Elko and spent some time with him. The vet decided not to resign after that visit. As I understand it, he wanted to work one day a week. I felt under those circumstances I had to find another \$100,000 someplace immediately. Come July 1st, 2011 that position will be phased out.

We had one remaining account technician in administration that we were holding back; hoping to be able to fill it. That was \$49,000. I had to eliminate that position. I eliminated our support of the Jr. Livestock Show which is \$17,000 and I reduced the operations in Animal Disease by \$7,500 and reduced operations in

Administration by a little over \$8,000 which almost puts us down to zero operating money in Administration.

When you add up all those, it adds up to \$319,273 for the coming fiscal year and the following fiscal year. That satisfied the immediate needs of the Governor's budget.

On page 64, I have the summary of the funding for the Department for the years 2005-2011. If you look over at the final column which is the total, you will see that our budgets have gone up rather significantly and most of this comes from funding we received from the federal government as well as fees. This last year of funding went up considerably from former funds because of the stimulus money that we received through Plant Industry to do a number of projects. We've been able to employ quite a few people with that money. I think that is a plus under the circumstances.

Our fees continue to go up amazingly enough even though everybody predicted they would go down. As you can see they've gone up every year to the present year projecting almost a \$1 million increase in total fee package for next year. We're doing a much better job of collecting fees which comes back to what we were talking about earlier with the nursery. I think there is a lot of room there to do some more work with our present staff and hopefully we can make these projections. If we don't make these projections we're going to have some problems, because I will run out of money. If you look at general funds, you'll see a high of \$4 million in 2007 down to a projection of this year of \$1.6 million which represents less than 10% of our total budget.

In talking with the Governor-Elect, it was pretty clear that he expects this Department to minimize its dependence on general funds and reduce the administrative flow we currently have. That was made very clear to me. So, we have taken steps to go in that direction and this budget pretty well tells you where we're at.

On page 65, a note from the Budd-Falen Law Offices concerning the account with Jack Payne. When I met with Jack Payne, it was my distinct impression that there would be no more negotiations over this debt until the court decided whether he owes us the money or not. Obviously, that is not quite the case because we continue to get things like this. This particular one is addressed to the Controller's Office indicating all the reasons why he doesn't owe the money. I'm still waiting for the court to make the decision; whatever the decision of the court is, we'll live by it. And that's that.

If you go to Page 70, I would like to go over this with you real quick. It is a summary of the economic output for the year 2009 from all agriculture as near as I can figure it.

The first two headings: Irrigated Agriculture and Livestock Agriculture come strictly out of USDA reports. It's an annual report they do; there are copies out in the front office. It's all based upon county by county input. You can see how the various commodities rank here. We talked about alfalfa hay earlier and how important it is. Alfalfa hay sales resulted in \$247,536,000 income. That's a whole lot of money being generated. You can see the various other commodities groups and not one of them come even remotely close.

Under Livestock Agriculture you can see the income from beef \$187,950,000. Milk is second, \$93,457,000. Those two things add up to \$676,784,000. There is a lot more agriculture than what is reported there.

I went specifically to Paul Noe and asked him if he would get me his best figure of what he thought the nursery industry in the state of Nevada generates. I believe Paul met with several people and came back shortly with a figure of about \$245,000,000.

The next one is the pesticide industry. I went straight to Grady Jones and asked him if he would come up with a number. He came up with \$100,000,000.

One area we don't have a good handle on is all the various industries, primarily in the Reno area and some in Las Vegas, that are in the warehousing district that process food in one form or another. We get a lot of commodity coming here which is processed, not necessarily immediately for consumption, but it is put in more useful packing. For example, we have a firm that gets a tremendous amount of walnuts in here and sends them out in small packages. We have a firm in Dayton that basically raises all the spores that are used for mushroom production in the western United States. There are about 20 or so companies like this that we are aware of and we've tried to put handle on that.

I just took some multipliers based upon how many employees I think they employ. I know in some cases how many they employ, some of them just a guess. But I came up with another \$50,000,000. So from the Related Agriculture, there is close to \$400,000,000. The whole thing comes up to over a little over a \$1 billion dollars. I have to use a multiplier I know I can defend and this comes from Tom Harris at the University. He says it's 1.32 so that's what I use. So, the total economic return from agriculture is close to \$2.5 billion.

Now you refer to the mining industry as the 800 pound gorilla. I'd like to refer to agriculture as maybe the 400 pound gorilla because I think it's a lot bigger than anybody realizes. And the other thing I'd like to say about agriculture, it's renewable. It's totally renewable from year to year to year as long as we protect what's left of our water. Mining is not necessarily renewable. Gold is \$1,300 an ounce, silver is \$28 ounce; these are all time highs. We are mining the edges of pits at this point in time. There have been no real new major discoveries in the last 5 – 10 years. Pits get expanded as long as the price of gold is above a \$1,000 - \$1,200 an ounce. Maybe, it will stay there forever. There are a lot of

people that say it's never going to come back down. In my lifetime, I believe I've seen gold and silver peak at least 5 different times. I suspect that gold and silver will continue to peak. I will guarantee you that the Nevada mining industry for precious metals is about as mobile as any industry you've ever seen. If the price of gold were to fall back down to \$600 or \$700 an ounce, which 10 years ago we would have thought was fantastic, you will see mining disappear.

4. Division of Administration

A. Division Update

Margi Scheid, Administrative Service Officer. I want to thank Director Lesperance for giving my budget report. He pretty well covered it.

We have no money. Weekly, daily, all the time, I'm getting notes and changes from the Budget Office. As an example, as you get in on Monday, they want 18 pages, single line typed questions answered by Friday. Well, it's humanly impossible, because I used to have a staff of seven, we're down to three right now. We have trouble getting in the money, taking in the receipts, paying the bills and keeping the lights on and trying to answer questions. It's over and beyond what we have to do and what we can do. It's my normal soap box to say you know we have a reduced staff. We're working with half as many people as we did before. We're being asked to do twice as much as we've ever done before. But it's not just fiscal services, it's everybody in every agency and all the divisions here are faced with the same problem.

I've been with the Department of Agriculture since '92 which is 18 years. I've been in the fiscal section or the accounting section that whole time. Never in all my experience have I ever seen any of the previous accountants, chief accountants, ASOs, whatever you want to call this position, ever have they had to jump through the hoops that we're being asked to jump through now. Obviously, this is indicative of the economy that we're in and the budget cuts and the things we're faced with daily. It's overwhelming. Some days I just want to pull my hair out and walk out and say, 'I've had it' and go away, but a part of me wants to get the job done and wants to do it right. I don't really work for Agriculture I don't think. I work for Carson City and in doing that I take their rules, regulations and parameters and try to facilitate and move the money around and put it in places to make it available so that people at Agriculture can do what they need to do on a daily basis. That is becoming very hard right now. I see budgets running out of money. I know the Work Program, which is the document we have to use to get to the Budget Office. Those things need to be done to get money back to those divisions and programs so the people can do the jobs that they are here to do. Those have to be done in a timely manner. But Carson is requiring my staff of three to answer all these questions.

I told Tony I got a call this morning that they want to see us all down there Thursday afternoon. Something about the legislative fees and reports meeting

that I'm going to. So, you know, we're frustrated. I think we'll get through it. I'm certain we will get through it. We're doing our best to get it done. I have my doubts some days and it is very difficult.

As Tony said on the budget, that is not public information. I have knowledge of things that the Budget Office is recommending which basically is the Governor's recommendation. Once those go to Legislature, we then can provide copies in synopsis form. He has suggested the fund map that's kind of an interesting document where the money comes in and we have decided that, say the money for those nursery licenses goes to pay for the salary of the inspector and the vehicle running and e-mails and different things for that program; to support only that program. We can't take the nursery money and support something else. Those we can make available to you when it becomes public knowledge.

5. Resource Protection Division

A. Program Update

Mark Jensen, State Director for the USDA-APHIS Wildlife Services Program, Administrator for the Division of Resource Protection.

For the new Board members, I would like to explain a little bit about our program. I am a federal employee with USDA, however, I also serve as the Administrator for the Division of Resource Protection. The reason that's the way it is is because state employees that live and work in rural Nevada and federal supervisors supervise those state employees. We have both a state workforce and a federal workforce that makes up the Nevada Wildlife Services Program.

If you turn to 5 [tab], I have a program overview that I will go over. Again, this is our annual Nevada Wildlife Services State Report. I put this report together every year and we'll kind of go through the numbers here and talk about this briefly.

This is our state report for Federal Fiscal Year 2010. You can see that we've work on over 27 million acres, that's up from over 22 million acres last year. The majority of the lands that we work on are BLM lands, but then we also work on private lands, Forest Service lands, state lands and some military lands as well.

The next item down is our budget. This is our total program budget. You can see there are federal appropriations over \$1.2 million, our aviation safety, that's a federal appropriation that we get to help run our aerial program, that is \$177,000, the Avian Influenza money is also a federal appropriation and that money is designated specifically to participate in the statewide Avian Influenza testing that we've been asked to do and that is what that money is for.

The next box down is the cooperative dollars that is made up of different businesses, entities, the Grazing Board monies that we collect are lumped in with

this. Other entities (airports) that ask us to do specific things we would lump that money into cooperative funds.

The next one down is the state appropriated dollars, that is the \$556,000 general fund that we get, it's almost all general funds. There is approximately between \$12,000 - \$13,000 of the Woolgrower's head tax that is part of that. That varies from year to year, but the head tax we get from the Woolgrower's generates between \$12,000 - \$13,000 a year. That's included in the state appropriated dollars.

The NDOW dollars is the money that we get from NDOW to perform to do specific wildlife projects for them, specific predator projects to protect Mule Deer, Bighorn sheep, Sage Grouse, and other projects. Those projects are put together by the Department of Wildlife. They are approved and voted on the Wildlife Commission and then they basically come to us to implement that program as approved by the Commission and explained in NDOW's Predation Management Plan. That's available on their website if anybody is interested in looking at that.

Our total budget for fiscal year 2010 is just over \$2.8 million and that's down from \$2.9 million a year ago.

Our coyote take, we keep track of these kind of numbers, over 4,900 coyotes. It's up from 4,198 last year. Mountain lion take is 43, that's up from a year ago. I report here that we took 20 feral pigs. That was part of a sampling effort that we put together with the Department of Ag. There are a lot of people interested in feral pigs and the diseases that they might carry. We were able to go up by Paradise Valley and take those pigs for sampling effort more than anything else. One black bear that was killing livestock. We don't get involved in public safety aspects of black bear. That's handled by the Department of Wildlife.

We did fly 1,679 hours. That's up over 500 hours from a year ago. Last year, we were short one pilot in Winnemucca so that reduced our ability to fly and help the producers, mostly in N2 and 6, but since that time we've been able to hire a pilot. He's been working out very well. So, our numbers are back up about where they need to be.

On the next page, you can look at reported damages to Wildlife Services and also verified by Wildlife Services. The highest number that we had in there is damage to livestock. These are verified depredations where our guys see killed livestock in the field and some of those losses were just reported to us. That is what those numbers mean. It shows the damage would be much higher if we did not have effective program. Keep that in mind when you look at dollar damage.

The next box down is the Raven take. We took 2,760 Ravens; some of those Ravens are taken for the protection of livestock, some of them are taken for the protection of Sage Grouse, but most of them were taken with BRC1339 eggs.

That's the toxicant we use. One thousand five hundred eighty-eight (1,588) disease samples; some of that is the Avian Influenza testing that we do throughout the year; some of those are the plane surveillance tests that we do. We get our hands on a lot of coyotes throughout the year. We get blood sample strips off those coyotes and those are sent in cooperation with the CDC and the County Health Department's surveillance of plague.

Technical assistance: 1,919 people. Technical assistance is just advice that we give to people over the phone trying to help people that have problems with wildlife. It's just simple advice that we can give them over the phone where they can help themselves.

I wanted to comment briefly. I did provide testimony and information to the Board of Wildlife Commissioners at the last meeting, December 3rd and 4th. There was a petition that came forward in front of the Commission from a group called Trails Safe. They were asking to ban all trapping in Washoe County within 1,000 yards of any occupied dwelling. I did provide testimony to the Wildlife Commission that basically said that this petition did not allow for the proper exemptions for state and federal employees of the Department of Agriculture.

Lee [Lawrence] also came and testified. He presented a letter on behalf of the Director, who was in Las Vegas, expressing concern about the pest control industry and how this would limit their ability to basically trap gophers, moles. This trap ban, you couldn't just snap trap for miles; the list went on and on. Not only would this affect us, but it would obviously affect the pest control industry as well. The Commissioners obviously saw that and denied the petition.

6. Animal Industry Division

A. USAHA Update

Dr. LaRussa, State Veterinarian: My report is on the USAHA, United States Animal Health Association. We had a meeting in November and at that meeting there were 3 major groups that met. There was the American Association of Veterinary Laboratory Diagnosticians that Dr. Rink attended. The National Assembly of State Animal Health Officials, which I attended, and the United States Animal Health Association meeting.

These groups are responsible for the formulation of a lot of the laws, regulations, policies and programs of the federal government. There were over 3,000 members that met at this meeting in Minneapolis in November which was a little bit chilly by the way. As a member of the Board of Directors of the Association, all the resolutions that come forward for the federal government pass through us for inclusion as recommendations. There were 32 standing committees at the USAHA where they discussed things ranging from wildlife to Scrapie, transmissible diseases of swine, food safety, Salmonella, etc.

In looking at a few of the things that pertain directly to the agriculture here in the state of Nevada: tuberculosis. The tuberculosis report and the brucellosis report left a little bit of concern. The fact that the federal government is changing their policy and procedures and a lot of it based on money is certainly, I think, going to ultimately affect us. Tuberculosis, last year, there were 13 cases of TB throughout the nation. We knew of the states that had a status of TB infection; Minnesota, Michigan, New Mexico, and California that had different status ratings. The federal government is changing the policy and procedure now of status ratings. They don't reduce the status of the state anymore, so if you get infection and if you take active response to remove that infection, we do not have a state's status to hinge our reluctance of importing from that state. So if we look at the states that had infection last year, Colorado, Michigan, Kentucky, Ohio, Mississippi, Nebraska, South Dakota – a lot of infection. Of those 13 examples of infection in those 7 states, 11 were beef. In a previous life, we might have thought a lot of problems with dairy. But 11 of these 13 were beef in this instance. We certainly look at that as something of concern. We know the federal government is talking about a reduction of money, a reduction of programs and throwing a lot more responsibility on the states. As you are well aware, we have no state field employees in Animal Industry and to have additional responsibilities thrown on us, which are probably going to be unfunded responsibilities, concerns us immensely. We're also looking at other species. Between the year of 1994 and 2010, there were 50 elephants that had proven TB. So, we go to the zoo, whether it's a petting zoo or come hire my elephant, whatever, 50 of them had TB. Fortunately, for us in the animal industry, we work mainly with m. Bovis. MTB the human equivalent is in the same class, but 49 out of those 50 elephants had human TB.

Brucellosis: Wyoming, of course, has had their recent influx where they are blaming the elk and they probably had good solid 3 herds now involved with that. That's involving a lot of their work, a lot of time, a lot of testing. If we look back on brucellosis this last year, we had positive brucellosis in Idaho, a beef herd. We had positive brucellosis in Montana, bison. And certainly, when the federal government talks about what they are going to do in the future for testing for brucellosis – we've had 2 major surveillance programs. One of which is we take blood from every eligible animal, that would be animals that are female 20 months of age or older and has had a calf, at the slaughter house. They are going to reduce that by 50%. They are going to cut and they are also going to start cutting small production plants. They are going to pick about 40 plants throughout the nation and say collect only one-half the time. That concerns us. It also concerns us that they are taking the other surveillance program, BRT, brucellosis ring test. Something that the dairies have relied upon for years. They are totally abandoning that test. So, we in Nevada are going to rely on 50% of our eligible animals being tested by a blood test out of state.

It doesn't mean that may not be something that is super critical. The only thing that it means is that when we find infection in our state and start testing, and do adjacent testing, contact testing, and everything else, we are going to find the

disease embedded. We're going to find the disease has been around a while. It's going to take a tremendous amount of money. The reason I mention this is several of the states throughout the years have found that abandoning the vaccination for brucellosis might be something that they are coming to because the disease supposedly was eradicated in the United States except for Yellowstone. I do not believe that. I think this is a time, definitely, that we should continue the vaccination; that we need to protect our animals out there. If we get brucellosis in a dairy where we can come into it and test that dairy every 2 weeks until we get 3 months worth of clean testing. That's one thing. If you get it out on the range, the testing options are much less. I think vaccination is very important to the state of Nevada.

In the infectious diseases of horses, which Dr. Rink's going to talk about a little bit with the testing, that certainly the recent finding of piroplasmosis that originated down on a very, very large ranch that encompasses 6 counties in southern Texas, involved probably testing 2,500 animals of which they found a good 412 positive animals out of that testing. When they starting looking then well, why don't we test horses on the racetrack, quarter horses that race, or even some thoroughbreds in Florida. They found another 130. This is supposed to be a disease that didn't exist in the United States. Obviously, it larger problem than we thought.

The other aspects that I find of interest, we spent a lot of time talking about import requirements from other nations. Patagonia, the very southern part of Chile, plus Argentina, wants us to import animals from their export to the United States. In the past, South America has suffered a lot from foot and mouth disease. Patagonia may not have had the disease in its area for the last 20 or so years, but there is going to be a risk of that coming in. It may be small and that's what we're in the business of taking risks. We're in the business of science based risk. At this time there is going to be something come forward through the Federal Register on should the United States be allowed to import from Patagonia. I mention this just for you to be aware. If you have an interest in it, you can comment when that comes out in the Federal Register.

One of the other instances that I was quite concerned about – the Animal Welfare Committee. At the Animal Welfare Committee, we had presentations by the Federal Animal Care Group which is responsible for the puppy mills, the zoos, the exhibitions, the research facilities. Certainly, my expectation was they were always involved in animal cruelty also. They made it quite evident at that, all they were interested in was the welfare of the animal, not animal cruelty. If there is anything in any animal cruelty at all, they wanted to make sure that the state and county governments would handle all animal cruelty. And, certainly we in the Division of Animal Industry, function with livestock animal cruelty. At this stage I'm more concerned by their report that last year there were 190,000 cases where bills had been put in front of various legislatures by the Humane Society of the United States on animal welfare / animal cruelty. I think we are going to look

at this next legislative session of perhaps sitting around daily trying to fight or at least give input on animal welfare / animal cruelty issues.

Certainly two of the larger aspects of the meeting, they spent a lot of time talking about One Health. One Health is supposedly for producers, animal health, public health, and environmental health all work together for eradication of various diseases. It's a matter of communication and certainly we have very good communication with the people in Nevada on the environmental public health producer aspect where some other states have some problems. One of the things to realize is that 60% of the 1,451 infectious diseases of man, also infect animals. Eighty-five percent (85%) of all emerging new zoonotic diseases, diseases that are capable of animal plus human infection, 85% now – animals also. So, there is a large focus on this one health aspect. We expect to see a lot more come out from that.

The other aspect is the federal government trying to tell us about their 2015 Program. 2015 for federal people like Mark [Jensen], they envision that they are going to sit in offices, think great thoughts, do great deeds, and not have a lot of field employees because the state is going to do a lot of the work.

Certainly as we look at the 2015, 2015 right now is a concept. They are going through a lot of meetings to get the direction that they are heading. My hope is like any 5-year plan, another 5-year plan comes along behind it. The strong concern for us in the Division of Animal Industry is, it looks like a lot more work coming with no resources in mind.

B. Laboratory Update

1. AAVLD meeting update (Q-fever in dairy cattle, piroplasmosis in horses, etc.)

Dr. Rink, Animal Disease Laboratory: Dr. LaRussa has already given part of my presentation, but I thought I would look at a couple different aspects of the One Health Concept.

Dr. LaRussa already mentioned that 'One Health' was basically the topic of all the plenary sessions. Even though this is touted as something brand new and something that needs to be paid attention to, it actually is a recycled concept ever since 1945. It seems that every 10 – 15 years, this is the topic that gets picked up, but with varying success and varying follow-through.

What I really appreciated as part of the program was that we had a very balanced representation of both physicians and veterinarians actually looking at the different aspects of the different angles of 'One Health' from the different disciplines. What was really striking was that we've perceived 'One Health' as a very different thing. Because of our training, veterinarians basically focus on herd health, population medicine and a lot on infectious diseases. And that is

something that in medical schools has not been dealt with since the 1950's because every since antibiotics came about, medical doctors pretty much think or are being taught that the cure of infectious diseases is a prescription away. Unfortunately, it turns out that is not the case anymore because we are essentially one antibiotic away from the next plague at this point.

Interestingly some of the really good presentations at the meeting were given by medical doctors; they had a very focused approach; just like we practice our respected professions. A physician essentially looks at an individual patient and large animal practitioners look at the entire herd. The different perspectives were sometimes really mutually exclusive, but there was a tiny overlap there and I think that that is something we need to capitalize on because as Dr. LaRussa pointed out 85% of currently infectious emerging diseases are actually zoonotic diseases and that is going to be significant in the future.

A couple of things and I don't want to bore you with the technicalities here, but one of the reasons why we appreciate going to these meetings is it's interesting that what you learned 15- 20 years ago in vet school really often isn't true anymore.

Q fever for instance, Q fever is a disease, *Coxiella burnetii* is the agent that causes Q fever, and it's considered to be the most infectious agent because essentially only one colony-forming unit is sufficient to cause clinical disease in the immunologically naïve human being. It's prevalent and detectable in up to 10% of dairy cows and in up to 10% of the human population. The old dogma was that cows shed for only one lactation; and then clean up and that's the end of the story. There's a little bit more to that because *Coxiella burnetii* is also a very resilient agent that persists in the environment for a very long time.

A study that was presented by a researcher from USDA shows that this dogma actually has to be put to rest because it seems that once a cow is infected, she will shed indefinitely. The researchers followed the cows for 3 ½ lactations and several others through 3 lactations and these cows have never stopped shedding. This is interesting because obviously this is something that has made headlines in the past and in the very recent past in the state of Nevada.

We had a Q fever outbreak in Fallon in 2003, where more than a dozen clinically confirmed cases of human Q fever in people were identified and luckily there was no knee jerk reaction associated with that unlike the Dutch Q fever outbreak of 2009. I don't know if anyone of you has heard of that. That was actually rather bizarre what happened there. Particularly considering how the Dutch government in the past has dealt with animal diseases. This time because there was a human disease component, they essentially did something very bizarre. When they were part of the big 2002 Foot and Mouth Disease outbreak in Europe and there was aerial spill from Britain into Holland, they actually opted for animal care reasons to vaccinate and slaughter out rather than dispose of all the infected animals. That was a very smart decision I think. And in this particular

instance, there were a couple small goat dairies that appeared to be spreading Q fever and there were more than 1,500 human cases associated with that. No fatalities, but a lot of them actually clinical cases that required hospitalization. They actually went ahead and in an entire county killed every single goat regardless of whether that goat was sera positive or sera negative. And the follow through was very poor because within a couple of months they had allowed repopulation of these operations with untested goats. So nobody had a clue on how much Q fever they were bringing in plus in Holland with the high humidity there, Q fever can survive in the soil for many months. So, this is one of the things I think Q fever is a disease that is going to receive some attention. Certainly for the dairy industry, it's very important to keep in mind that it exists. Q fever is spread through the milk, but pasteurization takes care of disease transmission here. So, this is a disease that should be watched, particularly now that we know the infectious disease potential and the potential for continuous transmission is much higher than previously anticipated.

Another disease that I'm going to have to adjust my perception of is Equine babesiosis. Dr. LaRussa has already mentioned that this is a disease that originally was perceived to not even exist in the United States. We've always had international transport restrictions every time we have an international horse event in this state. We have people there that basically have to make sure that the international horses, whether they are positive or negative, actually are kept in quarantine; that they don't ever meet American horses inside or outside the arena. So a lot of effort is put into quarantining international horses and at the same time, we would always live in this fuzzy idea that we don't have this disease, but we've never even tested for it.

So I'm not exactly sure who came up with the idea that in the absence of surveillance, you can actually claim that you're free of anything. So when the King Ranch in Texas, turned out to be a major breeding ground for Equine babesiosis, some states that have a fairly significant horse industry started random testing. And it turns out that they are quite a few very expensive horses out there that have a very, very extensive travel history on an annual basis and are used for breeding for a lot of money, are actually positive. Now in the past, when I was in vet school, we were taught that once an animal is infected with Babesia or Theileria, that's it. It's going to be infected for life. Well, I guess it's all a matter of money, because you can actually clean them up.

If you are willing to spend enough money and administer high enough doses of Imidocarp, it appears you can clean up these horses. Obviously, it's not worthwhile doing that with every single horse, but there was a race horse in California and the owner absolutely reluctant to have this horse put down. So, this horse was treated for a long period of time. One of the issues with this disease is that it is iatrogenically transmitted which means that if you don't change the needle between every animal, if you process a lot of animals using the same needle on a lot of animals, one infected horse can infect a lot of other

horses. This is how it is spread and this also the technique basically on how you identify whether an animal has properly cleaned up.

Right now, it appears that you clean up these horses if you have enough money that you're willing to invest in them. USDA Agricultural Research Services in Pullman actually did a study on this very expensive horse. They transfused I think two liters of blood per recipient animal. These horses were splenectomized, the spleen was taken out so there are essentially unable to mount an immune response. If there had been one organism in the blood, those horses would have developed the disease. These horses stayed clean and based on that preliminary data, it appears now that if you have enough money and enough time and if you value the animal enough, that you can clean this horse up and can continue to use it appropriately.

2. Bighorn Sheep Scientific Publication

One of the papers that I put into your Board package is another one on the never ending story of the Bighorn sheep and Pasteurellaceae. In this particular instance, we are talking about the transmission or the potential transmission of Pasteurella from cattle to Bighorn sheep. The paper that I put in your package essentially is the first publication in a very long time that actually infers that that is possible. There were several review papers in the past that were hinting at that. But if you go back and pull the original papers that are mentioned in the review, I think it's a matter of interpretation whether the original paper really truly showed that there was transmission going on. This paper in my mind also doesn't truly show that there was transmission going on. They happened to have the same Pasteurellaceae strains in a sick Bighorn sheep as in one of these sick cattle.

Allowing co-mingling appears to be a regionally widespread practice, because in the past wildlife managers have never perceived there to be a disease transmission risk between cattle and Bighorn sheep. I'm not exactly sure what brought that about because we know in livestock husbandry, it's not a good idea to have cattle and sheep grazed together because there are diseases that are being transmitted between domestic sheep and cattle. In previous publications, transmission of viruses was often implied and I think that there is a lot of serological evidence that that might actually have some merit because a lot of the viral antibodies that you find in Bighorn sheep actually are against cattle viral diseases.

So, again, I guess I'm going to come back to these Best Management Practices that the USAHA working group produced last year. The bottom line is keep them separate and that's the end of the story. There's no physical contact, there's no disease transmission. Well, I wish it was that easy because that is something that I'm probably going to discuss next time. The next agenda item for the environmental groups is the environmental contamination through livestock and that is going to open a completely different can of worms.

3. Miscellaneous

Dr. Crowell had submitted his resignation and we were able to convince him to stay on a part time basis. Because his resignation, particularly if he left immediately, would have meant that I would have to close the Elko Animal Disease Lab because we can't have any regulatory testing going on in the location where we don't have appropriate oversight. We have to have a veterinarian at a location as far out as Elko. From here, there is no way that I or anyone else can actually appropriately oversee the operations in Elko. This position should go away on July 1st. That means the Elko Lab is closing and we will essentially have to look at shipping samples down here. From now until the end of June, Dr. Crowell is still available to supervise.

The last two items that I have in here are two of the resolutions that were passed at the USAHA meeting by the USAHA / AAVLD Joint Committee on Animal Emergency Management. Part of the problem after the creation of the Department of Homeland Security has been that preparedness has been entirely in the Department of Homeland Security whereas prior to the creation of that Department, emergency preparedness actually was part of USDA to a larger extent than it is right now. And so this Resolution No. 4 essentially is going forward to Congress and for the next federal fiscal year, essentially requests to make sure that whatever appropriations goes through the Department of Homeland Security that there is some pass through money coming to the states to sustain agricultural infrastructure and specifically animal agricultural infrastructure which is a part that currently does not receive funding or attention.

Resolution #3 – Restricted Animal Vaccine Usage Guidance. That is just something for your information. I don't know how many of you are familiar with the concept of the National Veterinary Stockpile. The country keeps vaccines for certain high infectious diseases, foot-and-mouth disease is one of them, classical swine fever, and Rift Valley Fever are two of the other ones. The stockpile is a confidential location. During a high impact disease outbreak a state will receive a part of the stockpile to implement not only surveillance, but also to implement vaccination. The issue here is that you can't just hand out these vaccines like you do for anthrax or BVD or any other endemic disease. You actually have to have a go-to person, such as the State Veterinarian in each individual state or appoint people in the states that you can actually trust to manage, distribute and administrate them. This is just to bring to your attention essentially that the National Veterinary Stockpile exists and that in order for the state of Nevada to be able to receive a portion during an outbreak situation, we will need to have infrastructure in the state to receive it. If that infrastructure goes away, we will not be able to receive it directly; we will have work through USDA.

7. Plant Industry Division

A. Division Update

Ed Foster, Northern Nevada Regional Manager, Plant Industry: About 10 years ago about this time of year things were calming down when things stopped growing. It doesn't seem to be happening much the last 2-3 years. This time of year a lot of meetings for Plant Industry's managers.

Scott Marsh and Tina both are weed people in Plant Industry attended the Western Weed Coordinator's Committee annual meeting in Las Vegas this quarter. Thirteen western states and federal partners discussed issues across the western United States.

Last week Tina Mudd attended the Oregon Interagency Weed meeting. Discussions focused on weed strategy along our northern border with Oregon. Scott went to the USDA Pinion Juniper meeting which was held within the state.

Even though things basically have stopped growing, there is still a lot of shipping going on in Nevada. Walnuts, Peggy has done at least a dozen inspections over the last 3 months. David Herrand has been in Yerington, 8 hours a day, 5 days a week for at least the last 5 weeks and will continue to be out there making sure the world has onions.

Tina's crew had done hundreds acres of weed free forage inspections which of course is an added value to the hay seller. Pet Diner in Eureka and Alfalfa King down in Fish Lake Valley are selling to China and both need monthly inspections to sell internationally. Last, but not least, Sylvan Mushroom Spawn does an inspection every month. The mushroom spawn is selling as fast as they can grow it and of course, they grow inside and so that's growing pretty fast.

In our chemistry lab in Plant Industry, Dr. Zhang, Chief Chemist, has developed a method for testing fertilizer. This quarter he had the forms printed, tags, and the protocol, everything ready to go. So, we are in the fertilizing testing business again. That was something that was brought up that we needed to do. I guess we will be looking at antifreeze next.

Chris Ritland, Chemist III, in our chemistry lab is retiring after 20 plus years. He bought a few years and was able to get out right now. He is going to be missed. I do believe that Dr. Zhang will be trying to fill that position immediately.

Some great staff – money is coming in over in Registration for fertilizer, antifreeze and pesticides. Antifreeze is done, 353 products were registered this go around which is about \$18,000 in the coffer. Fertilizer at 3,198 products registered for about \$214,000 and we're about halfway through pesticide registration which usually gets up to \$1,100 - \$1,300 hundred, depends on what's coming in and going out. It's crunch time – they have until December 31st to get

their check and their request in for registration. It's going to be a little harried the next two and one-half weeks as those letters come in.

The UNR students – you will probably notice Jay back there. Lon has kind of mentored him. He is one of our 4 students that are on ARRA money. Tina Mudd makes sure these kids are busy all the time. Jay has been invaluable and I'd like to say thank you personally in front of the Board, the Director, and staff for all the help that you give not only in Plant Industry, but the entire Department. We're not sure we want to let you go to grad school.

We also going to keep these students on and try to get them put onto a contractual basis with the ARRA money through the Nevada Department of Agriculture rather than the University of Nevada – Reno.

Two weeks ago we sent a disaster designation request to the Governor's office and they sent it on to the USDA Secretary to ask for a disaster designation for Pershing County after loss assessment reports were done by FSA and county leaders. Pershing came up as a drought area; an area that did not get as much precipitation as it should have gotten. So, we are requesting, the State of Nevada, that we have drought designation which for those of you that are new this will enable producers to get low based loans with a bit looser restrictions from the Feds. Unfortunately, it has to be paid back.

I am just getting through the cycle, this is something we are just getting used to after almost 5 years of having John O'Brien's job that he had for some time, the IS-2 letters. I'm sure some of you producers have those letters into NV Energy right now. Basically, the Nevada Department of Agriculture has been enabled by NV Energy to be able to assess through Global Google Satellite. You can go and see if there is something growing there or not rather than somebody saying, 'hey, you got a pasture out there'. So, 16 letters in the last 4 days. I've set up a form letter – it's pretty straight forward, but it is very time consuming. The collection of data via fax or e-mail is also a little inundating.

The Plant Industry newsletter – Jaimie, again one of our ARRA people has been putting this together and everyone in Plant Industry has tried to put an article in. I think the Director agreed with management and staff to have something like this out before the legislative session; just to kind of get the ball rolling would be good. We have a very good distribution list. I'm assuming you guys are on it. I was told that you were. This is the fall [issue] and the summer [issue] is out. We are probably going to try to get the winter [issue] out the third week of January so it can be in everybody's hands including the Legislature, LCB staff, that sort of thing. It's a good little publication.

I just finished going through the website. I talked to the Director and program managers a couple of weeks ago. We need to go through the website and pull some of the older web pages off of there and some of the old data so we have a nice clean website. I just finished doing that list and I will be distributing that to

the Director's office and the manager's offices. They can take a look at that so we can get these pages off, update some information in there, so legislators, LCB staff or anyone that needs to go to that, there will be a nice clean informational site.

I spent 3 days in Turlock, California. I am a Nevada boy and I have never been to Turlock. I think I've been by on 99 and just kind of blinked. Paul Frigo in Las Vegas does our eggshell grading and frozen poultry inspections. A lot of frozen poultry comes through Nevada that goes to the school districts, Catholic Food Services, a lot of welfare programs use this stuff. So, I was down in Plant 1 and Plant 2 of Foster Farms in Turlock. I think we've all seen the Discovery shows where they go into the poultry plant and you see what they are doing and whatnot. It pretty much is exactly like that. They bring them alive in trucks. I don't know what happens on the other side, when they come off the trucks. But when they come through there, they hang them there, there is an assembly line of about a thousand people, everyone in hip waders. One guy cuts the feet off, the other one pulls this out, by the time it get to the end of the line, the only thing left is the gizzard. There is a big bucket of those and they are being packaged and then put back in the product. It was very enlightening for me. I am now USDA licensed to inspect frozen poultry and frozen rabbits.

B. Request to the Board for the reappointment of Bruce Quinlan, Marcia Litsinger, and Dave Hall to the Nevada Organic Advisory Council.

Ed Foster presented for Steve Marty.

Ed Foster: This is pretty straight forward. I usually will sit in for 10- 15 minutes on the Organic Advisory Council. If I may read Mr. Chair, Steve Marty was going to request action from the Board for the reappointment of Bruce Quinlan, Marcia Litsinger, and David Hall to the Nevada Organic Advisory Council. I believe I did this about 18 months ago and my opinion is these people are very involved with organic agriculture. It takes a lot of time to come to town to do these meetings; a lot of organization and a lot of contacts. It's my opinion and I can answer any questions about this that Bruce who is the general manager of Whole Foods, Marcia Litsinger, who owns a small organic farm in Silver Springs, and Dave Hall who kind of juggles some cattle and organic food are – we're lucky that they want to do this again let's put it that way. These people are willing to serve again. They have done a pretty good job as far as keeping people informed.

Dave Stix, Jr. made a motion that we reappoint Bruce Quinlan, Marcia Litsinger and Dave Hall to the Nevada Organic Advisory Council.

Boyd Spratling seconded the motion.

Doug Busselman, Nevada Farm Bureau: One of the things that we would like to bring up at this time, normally at a point in time where appointments take place, you have the opportunity to send a message to those who are being appointed.

Nevada Farm Bureau does strongly support and is interested in organic production and we are very much in support of the advisory council, however, we would also like to point out that they are an advisory council. And as an advisory council from our read of Nevada statutes, they are an advisory council to this Board. Policy says that this Board, the Board of Agriculture, needs to be a policy establishing Board.

One of the concerns that we had and it came up this past year, I was contacted by a Farm Bureau member who was concerned about a comment, an official comment that was submitted as part of a NEPA process dealing with alfalfa seed and round-up ready alfalfa seed. There was a letter submitted to that process by the Nevada Organic Advisory Council. It would be our hope that in the future that this Board would take up a policy or some type of a practice giving direction that prior to any advisory committee using their official status and authorizing some kind of registered official position, that process be vetted through this policy Board and that there be the opportunity for there to be a public discussion on such a matter prior to that going forward from an advisory council, but nevertheless looking extremely official when you start looking into the records of how different things are registered.

So we would hope that as we go forward there would be that opportunity to send that kind of policy direction and those kinds of actions be cleared through this Board prior to taking action.

Dave Stix, Jr.: I move to amend the main motion that we accept this suggestion that the Advisory Council will report to this Board for actual implementation of policy.

Boyd Spratling seconded the motion.

Discussion amongst the Board members – we cannot do that because it was not on the agenda as an action item.

Director Lesperance: I would suggest that what we do, and I think would be more appropriate, is to make sure this is on the next agenda and go back to it one more time officially. You may want to beef that up a little bit more. I think you can do it, but I think you may want to add more to it and I would suggest that you don't do this at this point in time. I think Mr. Busselman has raised a very valid point. That particular issue was controversial to put it mildly.

NRS says they have to report to the Board and they have not been doing this. It's never been enforced I don't believe to my knowledge. And it's a good time to put that into effect.

Chairman Perazzo said he would prefer that we have a motion that we take action on exactly how it's written here first.

Boyd Spratling: I will retract my amendment.

Ramona Morrison: I will retract mine as well.

Director Lesperance: As the Board's Executive Secretary, I can send a letter to the Organic Council indicating that it would be the pleasure of the Board per NRS to report to the Board on some sort of basis. I think that would take care of the problem right now.

Question: Motion passed.

Meeting adjourned at 4:51 pm